

Message Text

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PAGE 01 SANTO 02812 111845Z

51 L

ACTION ARA-20

INFO OCT-01 ISO-00 SS-20 NSC-07 L-03 H-03 EB-11 COME-00

INT-08 TRSE-00 OMB-01 CIEP-02 PRS-01 CIAE-00 INR-10

NSAE-00 RSC-01 ARAE-00 AID-20 DRC-01 /109 W

----- 089279

P R 111617Z JUL 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 0932

INFO AMEMBASSY KINGSTON

C O N F I D E N T I A L SANTO DOMINGO 2812

E.O. 11652: GDS

TAGS: EMIN, EFIN, EIND, DR

SUBJECT: DOMINICAN CONGRESS ACTS ON NEW TAX LEGISLATION CONCERNING
BAUXITE

REF: A. SD 2793; B. SD 2803; C. STATE 148927

1. ON JULY 9 THE LOWER HOUSE OF THE RUBBER-STAMP DOMINICAN CONGRESS UNANIMOUSLY APPROVED THE FIRST READING OF A PROPOSED NEW TAX LAW AFFECTING ALCOA'S BAUXITE MINING OPERATIONS. (BILLS MUST BE READ AND PASSED TWICE IN BOTH HOUSES AND SIGNED BY THE PRESIDENT TO BECOME LAW.)

2. ACCORDING TO PRESS REPORTS (EMBASSY IS SEEKING A COPY OF THE PROPOSED LEGISLATION, THE NEW LAW WOULD PROVIDE A FLAT PAYMENT OF 5 PESOS PER METRIC TON (P.M.T.) OF BAUXITE EXTRACTED OR EXPORTED PLUS A ROYALTY OF \$.75 P.M.T. (THIS IS PROBABLY A PRINTING ERROR; OTHER SOURCES INDICATE THE ROYALTY IS \$.55). THE REPORTS INDICATE THAT THE FORMULA REFERRED TO IN REFTTEL B WILL BE USED AS A TAX REFERENCE PRICE (T.R.P.) IN ORDER TO CALCULATE ALCOA'S LOCAL INCOME TAXES. THE PROPOSED LAW PROVIDES FOR A MINIMUM T.R.P. OF \$12.08 P.M.T. THIS IS THE FIRST MENTION OF A T.R.P. CONCEPT.

3. COMMENT: THIS CONGRESSIONAL ACTION UNDOUBTEDLY HAD
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PRESIDENTIAL APPROVAL AND IS ESSENTIALLY A PRESSURE TACTIC IN

THE NEGOTIATIONS.
HURWITCH

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Message Attributes

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Capture Date: 01 JAN 1994
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Decaption Date: 01 JAN 1960
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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